

\*\*\*CONFIDENTIAL IN PART - REDACTED IN PART\*\*\*

*REDACTED  
EXECUTION VERSION***ALLOCATION AGREEMENT**

This Allocation Agreement (the "Agreement") is made as of the 12th day of August, 2010 among Central Vermont Public Service Corporation ("CVPS"), Green Mountain Power Corporation ("GMP"), Vermont Electric Cooperative, Inc. ("VEC"), Vermont Public Power Supply Authority, a body politic and corporate and a public instrumentality of the State of Vermont exercising public and essential governmental functions ("VPPSA"), Vermont Marble Power Division of Omya Inc. ("Vermont Marble"), City of Burlington, Vermont Electric Department ("BED"), and the Town of Stowe Electric Department ("Stowe"). Each of CVPS, GMP, VEC, VPPSA, Vermont Marble, BED and Stowe are also referred to herein as a "Buyer," and collectively, the "Buyers".

**Background.**

A. H.Q. Energy Services (U.S.) Inc. ("HQUS") and the Buyers have entered into a Power Purchase and Sale Agreement dated as of August 12, 2010 (the "PPA") pursuant to which the Buyers agree to purchase certain energy products over a term that begins November 1, 2012 and continues through October 31, 2038.

B. Hydro-Québec, a body politic and corporate, duly incorporated and regulated by the Hydro-Québec Act (R.S.Q., chapter H-5) and the ultimate parent company of HQUS (the "Guarantor"), has delivered to Buyers a Guaranty Agreement dated as of August 12, 2010 (the "Guaranty") pursuant to which the Guarantor has agreed to guaranty payment when due of all amounts owed by HQUS to the Buyers in accordance with the PPA. Under the terms of the Guaranty, the liability of the Guarantor is limited in the aggregate, for all Buyers, to a specific dollar amount as set forth in the Guaranty (the "Guaranty Cap") plus all reasonable expenses incurred by the Buyers to enforce their rights against the Guarantor under the Guaranty including, without limitation, attorneys' fees, court costs and similar costs.

C. HQUS has entered into separate Collateral Agreements with each Buyer, each dated as of August 12, 2010 (individually, a "Collateral Agreement" and, collectively, the "Collateral Agreements"). Under the terms of each Collateral Agreement, HQUS is obligated to post collateral in certain circumstances. [REDACTED]

[REDACTED]

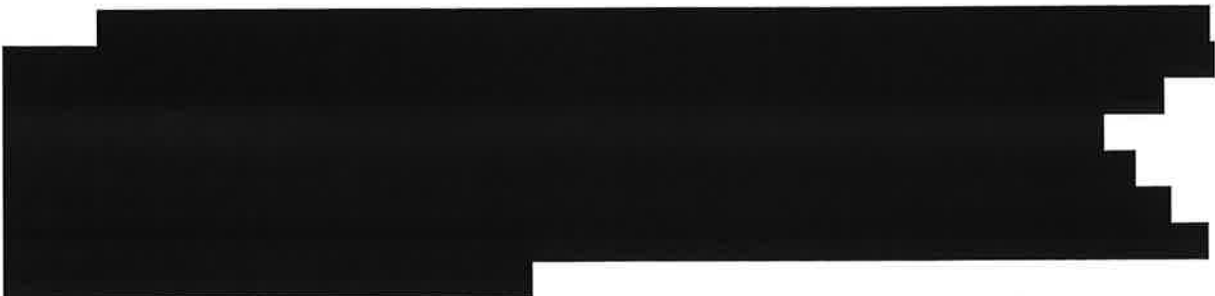
[REDACTED]

**Agreement.** In consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Buyers covenant and agree as follows:

1. Allocation of Guaranty Liability. The Buyers agree that each Buyer's right to collect damages from the Guarantor under the Guaranty shall be limited to the sublimit for each Buyer set forth on Exhibit A to this Agreement (each such sublimit being a "Sublimit Allocation"), plus all reasonable expenses incurred by such Buyer to enforce its rights against the Guarantor under the Guaranty including, without limitation, attorneys' fees, court costs and similar costs. For the avoidance of doubt, this Agreement does not limit the amount of damages that a Buyer may seek to prove that it has the right to collect from HQUS or the Guarantor; instead, it limits the amount that a Buyer may actually collect from the Guarantor under the Guaranty, whether through execution of a judgment, pursuant to a settlement agreement or otherwise.

2. Transferability of Sublimit Allocations. Any Buyer may at any time freely transfer to any other Buyer all or any portion of the transferring Buyer's Sublimit Allocation following which, the transferee Buyer shall have the right to collect from the Guarantor under the Guaranty, whether through execution of a judgment, pursuant to a settlement agreement or otherwise, the sum of the transferring and the transferee Buyers' Sublimit Allocations. Any such transfer shall be a bilateral transaction between the transferring and receiving Buyers and shall not require the consent or approval of the other Buyers, of Guarantor or of HQUS. Each transferring Buyer agrees to give contemporaneous notice to the other Buyers of any transfer of a Sublimit Allocation using the form attached as Exhibit B to this Agreement and, if so requested, each Buyer agrees to acknowledge its receipt of such notice.

3. Adjustment of Sublimit Allocations. The Buyers acknowledge that the Sublimit Allocations have been set in proportion to the Buyers' respective Shares of the Energy Quantity and Environmental Attributes Quantity under the PPA. The Buyers further acknowledge that the obligations of each Buyer under the PPA are contingent upon and subject to the receipt of certain governmental approvals, as set forth in Article Two of the PPA. In the event that (i) the PPA terminates as to any Buyer because the Buyer does not receive its Required Approvals or VPPSA's purchases are reduced, all as contemplated by section 2.3(a) of the PPA, (ii) any Buyer exercises its option under section 2.3(b) of the PPA to increase its Share of the Energy Quantity and Environmental Attributes Quantity and/or (iii) Vermont Marble assigns its allocation of the Energy Quantity and Environmental Attributes Quantity to CVPS as contemplated by section 3.2(c) of the PPA, the Buyers agree to revise the Sublimit Allocations so that the Guaranty Cap is allocated to the Buyers in proportion to the total Energy Quantity and Environmental Attributes Quantity that each Buyer has agreed to purchase over the term of the PPA after making any adjustments under Article Two or section 3.2(c) of the PPA. Capitalized terms used in this section 3 without definition have the meanings set forth in the PPA.



5. Assignment. No party may assign its rights or interest hereunder, or delegate its obligations hereunder, to any other person without the prior written consent of the other parties. Notwithstanding the foregoing, (i) a Buyer may transfer all or a portion of its Sublimit Allocation to another Buyer as set forth under section 2 above; and (ii) a Buyer may assign its rights under this Agreement to any authorized successor in interest to such Buyer's rights under the Guaranty. This Agreement shall be binding on each Buyer's successors and permitted assigns.

6. Notice of Certain Actions. Each Buyer agrees to give prior or contemporaneous notice to the other Buyers of the filing of any lawsuit or initiation of any other proceeding against HQUS or the Guarantor where the remedy sought by the Buyer includes seeking damages payable under the Guaranty. Each Buyer also agrees to give notice to the other Buyers not less than ten days prior to settling any claim against the Guarantor that would result in the reduction of the Guarantor's total liability under the Guaranty.

7. Notices. All notices or other communications in respect of this Agreement shall be in writing, and delivered by hand or by registered mail (return receipt requested), overnight courier service or given by facsimile and addressed or directed to the addresses shown on Exhibit C or such address as a Buyer may give notice to the other Buyers, from time to time.

8. Entire Agreement. This Agreement constitutes the entire agreement among the Buyers relating to its subject matter.

9. Amendment Procedures. Except to the extent herein provided for, no amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by all Buyers.

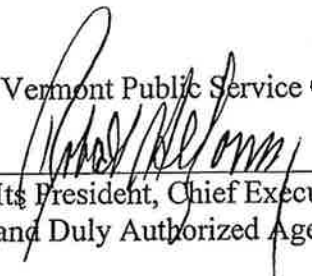
10. No Third-Party Beneficiaries. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement).

11. Governing Law. This Agreement shall be governed by the laws of the State of Vermont.

12. Counterparts. This Agreement may be executed in any number of counterparts (including by means of facsimile or PDF), each of which when executed, shall be deemed to be an original and all of which together will be deemed to be one and the same instrument binding upon all of the Parties notwithstanding the fact that all Parties are not signatory to the original or the same counterpart. Delivery of an executed counterpart of a signature page to this Agreement electronically or by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

IN WITNESS WHEREOF, the Buyers have caused this Agreement to be duly executed as of the date first above written.

Central Vermont Public Service Corporation

By:   
Its President, Chief Executive Officer  
and Duly Authorized Agent

Green Mountain Power Corporation

By: \_\_\_\_\_  
Its President, Chief Executive Officer  
And Duly Authorized Agent

Vermont Electric Cooperative, Inc.

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Public Power Supply Authority

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Marble Power Division  
of Omya Inc.

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

City of Burlington, Vermont Electric Department

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

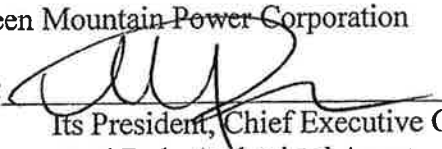
The Town of Stowe Electric Department

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Central Vermont Public Service Corporation

By: \_\_\_\_\_  
Its President, Chief Executive Officer  
and Duly Authorized Agent

Green Mountain Power Corporation

By:  \_\_\_\_\_  
Its President, Chief Executive Officer  
And Duly Authorized Agent

Vermont Electric Cooperative, Inc.

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Public Power Supply Authority

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Marble Power Division  
of Omya Inc.

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

City of Burlington, Vermont Electric Department

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

The Town of Stowe Electric Department

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Central Vermont Public Service Corporation

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Green Mountain Power Corporation

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Electric Cooperative, Inc.

By: *David C. Aubrey*  
Its CEO and  
Duly Authorized Agent

Vermont Public Power Supply Authority

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Marble Power Division  
of Omya Inc.

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

City of Burlington, Vermont Electric Department

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

The Town of Stowe Electric Department

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Central Vermont Public Service Corporation

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

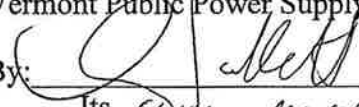
Green Mountain Power Corporation

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Electric Cooperative, Inc.

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Public Power Supply Authority

By:  \_\_\_\_\_  
Its Graham Macdonald and  
Duly Authorized Agent

Vermont Marble Power Division  
of Omya Inc.

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

City of Burlington, Vermont Electric Department

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

The Town of Stowe Electric Department

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Central Vermont Public Service Corporation

By: \_\_\_\_\_  
Its President, Chief Executive Officer  
and Duly Authorized Agent

Green Mountain Power Corporation

By: \_\_\_\_\_  
Its President, Chief Executive Officer  
And Duly Authorized Agent


Vermont Electric Cooperative, Inc.

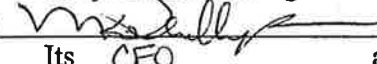
By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Public Power Supply Authority

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Marble Power Division  
of Omya Inc.

By:  \_\_\_\_\_  
Its CFO and  
Duly Authorized Agent

By:  \_\_\_\_\_  
Its CFO and  
Duly Authorized Agent

City of Burlington, Vermont Electric Department

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

The Town of Stowe Electric Department

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent



Central Vermont Public Service Corporation

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Green Mountain Power Corporation

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Electric Cooperative, Inc.

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Public Power Supply Authority

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Marble Power Division  
of Omya Inc.

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

City of Burlington, Vermont Electric Department

By: Barbara L. Grimes  
Its General Manager and  
Duly Authorized Agent

The Town of Stowe Electric Department

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Central Vermont Public Service Corporation

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Green Mountain Power Corporation

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Electric Cooperative, Inc.

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Public Power Supply Authority

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

Vermont Marble Power Division  
of Omya Inc.

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

City of Burlington, Vermont Electric Department

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

The Town of Stowe Electric Department

By: Ellen J. Burt  
Its General Manager and  
Duly Authorized Agent

## **EXHIBIT A**

### **SUBLIMIT ALLOCATIONS**

The following percentages refer to each Buyer's share of the Guaranty Cap [REDACTED]  
[REDACTED]

BED	4.00%
CVPS	44.00%
GMP	35.00%
Stowe	1.00%
VEC	7.00%
VPPSA	7.00%
Vermont Marble	2.00%
	<b>100%</b>

**EXHIBIT B**

**TRANSFER OF SUBLIMIT ALLOCATION**

Date: \_\_\_\_\_

To: Parties to the Allocation Agreement (the "Agreement") dated as of \_\_\_\_\_, 2010 among Central Vermont Public Service Corporation ("CVPS"), Green Mountain Power Corporation ("GMP"), Vermont Electric Cooperative, Inc. ("VEC"), Vermont Public Power Supply Authority, a body politic and corporate and a public instrumentality of the State of Vermont exercising public and essential governmental functions ("VPPSA"), Vermont Marble Power Division of Omya Inc. ("Vermont Marble"), City of Burlington, Vermont Electric Department ("BED"), and the Town of Stowe Electric Department ("Stowe").

Pursuant and subject to the provisions of section 2 of the Agreement, [Transferor] gives notice that it has transferred to [Transferee] the following dollar amount of its Sublimit Allocation under the Agreement: \_\_\_\_\_.

[Transferor]

By: \_\_\_\_\_  
Its \_\_\_\_\_ and  
Duly Authorized Agent

## **EXHIBIT C**

### **NOTICE INFORMATION**

#### **CVPS:**

Central Vermont Public Service Corp.  
77 Grove Street  
Rutland, VT 05701  
Attention: Director, Power Supply & Strategic Analysis  
Email: [pwrsale@cvps.com](mailto:pwrsale@cvps.com)  
Fax: 802 747-1902

with a copy to

Central Vermont Public Service Corp.  
77 Grove Street  
Rutland, VT 05701  
Attention: Corporate Secretary  
Email: [corpsecy@cvps.com](mailto:corpsecy@cvps.com)  
Fax: 802 770-3249

#### **GMP:**

Mgr. Energy Resource Planning  
Attn: Douglas Smith  
Green Mountain Power Corporation  
163 Acorn Lane  
Colchester, Vermont 05446  
[smith@greenmountainpower.com](mailto:smith@greenmountainpower.com)  
(802) 655-8550 (fax)  
(802) 655-8462 (voice)

with a copy to

Vice President and General Counsel  
Attn: Donald Rendall  
Green Mountain Power Corporation  
163 Acorn Lane  
Colchester, Vermont 05446  
802-655-8420 (voice)  
[rendall@greenmountainpower.com](mailto:rendall@greenmountainpower.com)

**VEC:**

Vermont Electric Cooperative, Inc.  
42 Wescom Road  
Johnson, Vermont 05656  
Attention: Senior Power Resources Planner  
email: ckieny@vermontelectric.coop  
(800) 832-2667 (phone)  
(802) 635-7645 (fax)

**VPPSA:**

Vermont Public Power Supply Authority  
5195 Waterbury-Stowe Road  
Waterbury Center, VT 05677  
Attention: General Manager  
Email: generalmanager@vppsa.com  
Fax: 802-244-6889  
with a copy to

Primmer Piper Eggleston & Cramer PC  
PO Box 159  
421 Summer St.  
St. Johnsbury, Vermont 05819  
Attention: Elijah D. Emerson  
Email: eemerson@ppeclaw.com  
Fax: 802-748-3976

**Vermont Marble:**

Omya Inc.  
9987 Carver Road, Suite 300  
Cincinnati, OH 45242  
USA  
Attention: Strategic Sourcing Manager - Energy and Engineering  
Email: todd.allard@omya.com  
Fax: (513) 387-4311

with a copy to

Edward V. Schwiebert, Esq.  
Kenlan Schwiebert Facey & Goss, P.C.  
P.O. Box 578  
71 Allen Street

Rutland, VT 05702-0578  
Email: [evs@kenlanlaw.com](mailto:evs@kenlanlaw.com)  
Fax: (802) 775-1581

**BED:**

Burlington Electric Department  
585 Pine Street  
Burlington, VT 05401  
Attention: General Manager  
Email: [bgrimes@burlingtonelectric.com](mailto:bgrimes@burlingtonelectric.com)  
Fax: (802) 865-7400

with a copy to

McNeil, Leddy & Sheahan  
271 South Union Street  
Burlington, VT 05401  
Attention: William F. Ellis, Esq.  
Email: [wellis@mcneilvt.com](mailto:wellis@mcneilvt.com)  
Fax: (802) 863-1743

**Stowe:**

Town of Stowe Electric Department  
P.O. Box 190  
Stowe, Vermont 05672  
Attention: Ellen Burt, General Manager  
Email: [eburt@stoweaccess.com](mailto:eburt@stoweaccess.com)  
Phone: 802-253-7215  
Fax: 802-253-4555

with a copy to

Stackpole & French Law Offices  
P.O. Box 819  
Stowe, Vermont 05672  
Attention: Edward B. French, Jr., Esq.  
Email: [efrench@stackpolefrench.com](mailto:efrench@stackpolefrench.com)  
Phone: 802-253-7339  
Fax: 802-253-7330